

## CHILD NUTRITION AND FOOD DISTRIBUTION DIVISION MANAGEMENT BULLETIN

No. 99-101

TO: Residential Child Care Institutions (RCCI)

ISSUE DATE: February 1999

ATTENTION: Food Service Directors

FROM: School Nutrition Programs

SUBJECT: Contracting with Executive Management Services for Food Service Management

This management bulletin transmits the U. S. Department of Agriculture (USDA), Food and Nutrition Service, All Points Bulletin (APB) SP-99-08 stating that USDA has determined that Executive Management Services (EMS) is a Food Service Management Company (FSMC). EMS is a private, for-profit company that assists RCCIs to develop and operate their school meal programs. The APB further describes the requirements for using food service revenues to pay for services provided by a FSMC. Food service revenues are the funds received from meal reimbursements through the National School Lunch Program or School Breakfast Program.

RCCIs may contract with a FSMC to manage any aspect of their food service operation. However, in order to pay the FSMC with food service revenues, you may only obtain the services through what is called competitive procurement. For contracts over \$10,000, this involves publicly announcing the need for services and inviting companies to submit their written offers describing how they can meet your needs.

Contracts for \$10,000 or less may be procured using a less formal procedure of contacting a minimum of three companies that provide this type of service. From these contacts, you will decide which company to contract with. A record of the names and phone numbers of the companies you contacted, the information they gave you about their services, and the reason for your selection must be available in your files. If the services are less than \$10,000, you cannot pay for the services of a FSMC with food service revenues, unless the three price quotes are obtained before you select the company.

Please refer to the School Nutrition Programs Guidance Manual, Section 9000, for detailed information regarding procurement procedures and FSMC contract requirements.

Be aware that if food service revenues are not used to pay for the services of a FSMC, you must closely monitor your net cash resources to ensure that they do not exceed the limit. Net cash resources are all funds received for meal reimbursements minus your meal program expenses. Federal regulations allow you to have the equivalent of only three months of food service expenditures in the food service account. Any amount over that would require you to use the funds for improvements in your food service program, such as improving food quality. If you do not take action to reduce the amount of money in your food service account, the state is required to reduce the amount of reimbursement.

If you have any questions, please contact your School Nutrition Programs Analyst at (916) 323-1580 or at the toll free number (800) 952-5609.

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Child Nutrition and Food Distribution Division

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